

Exhibit D

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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VANGUARD IDENTIFICATION : CIVIL ACTION NO. 02-2943
SYSTEMS, INC. :
v. : Philadelphia, Pennsylvania
: September 23, 2004
RONNIE E. GOADE, SR., : 10:00 o'clock a.m.
Individually and as Trustee :
for the Ronnie E. Goade, Sr. :
Revocable Trust, et al :
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JURY TRIAL
BEFORE THE HONORABLE JOHN P. FULLAM
UNITED STATES DISTRICT COURT JUDGE

- - -

APPEARANCES:

For the Plaintiffs: GEORGE BOCHETTO, ESQUIRE
Bocchetto & Lentz, PC
1524 Locust Street
Philadelphia, PA 19102

For the Defendants: MARC L. ZAKEN, ESQUIRE
Edwards & Angell, LLP
Three Stanford Plaza, Suite 1310
Stanford, CT 06901

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Audio Operator: John Stasny

Transcribed by: Tracey Williams, CET

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CERTIFICATION

I hereby certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

Geraldine C. Laws

10/20/04

Geraldine C. Laws, CET
Laws Transcription Service

Date

1 (At this time excerpts of the videotape deposition
2 of Mr. Riddle were continued to be played as follows:)

3 Q Did you interpret this to mean that the bank could
4 withdraw its approval to finance Lucas Color's acquisition if
5 it didn't feel that their due diligence had been satisfied?

6 A Correct.

7 Q Did you receive a written offer from Norwood Plastag?
8 Just looking now at Dresner Exhibit 8, there's mention of
9 Norwood Plastag; did you receive a written offer, do you
10 recall?

11 A I don't, I don't. We may have had communication with
12 them. They would have been a very good buyer, you can see we
13 had them down at 4 million. They also, as you see noted in
14 the comments, Exhibit 8 and Exhibit 9, they were financed by
15 Heller, so the agent for the credit facility of Docusystems
16 also would have a comfort level with the buyer, in this case
17 Norwood; however, they ultimately backed away from the deal.

18 Q Okay. So, Norwood withdrew their bid?

19 A Correct -- or at least -- candidly, I don't remember the
20 exact detail, but at least they weren't moving quickly enough
21 given the needs of the situation.

22 Q And of course the last bidder that's -- or potential
23 buyer that's on Dresner Exhibit 8 is Ron Goade. Let me start
24 you out by asking this: How is it that Ron Goade became a
25 bidder for SSI?

Riddle - Deposition

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1 A I believe we approached him.

2 Q We, meaning Dresner?

3 A Correct.

4 Q Who at Dresner approached Ron Goade?

5 A Candidly, I don't recall. It would have either been Joe
6 or me.

7 Q That's Joe Cosergis or you?

8 A Correct.

9 Q And do you have any recollection of Mr. Goade's initial
10 reactions to your contacting him regarding him being a bidder
11 in SSI?

12 A I don't, although I do recall that in our conversations
13 Ron was conflicted, meaning -- not in a legal sense, but
14 rather on the one hand he wanted to reacquire and in effect
15 save his company, on the other hand he saw that there was a
16 bit of risk in acquiring the company. The business was not
17 performing very well.

18 Q Now, did Mr. Goade ultimately make an offer to purchase
19 SSI?

20 A He did.

21 Q And what was his offer?

22 A 2 million cash.

23 Q Did he have any contingencies?

24 A No.

25 Q Did he have any due diligence requirements?

Riddle - Deposition

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1 A No. The benefit of selling a company back to the founder
2 of that company is that he would know it very well, he likely
3 hired almost everybody that was working at the company, he
4 likely purchased all of the equipment, he likely established
5 relationships with all of the company's key customers, he
6 clearly knew the business. So, his diligence requirements
7 were little, if any.

8 Q Did he have any financing requirements?

9 A No.

10 Q At the time that you prepared this Dresner Exhibit 8 or
11 Dresner -- withdrawn.

12 At the time that your company, Dresner Investments,
13 prepared Dresner Exhibit 8, were you aware of a company
14 called Vanguard?

15 A We were.

16 Q And had Vanguard made a bid for SSI?

17 A I don't believe so.

18 Q Had you made any efforts to contact Vanguard to see if
19 they were interested in making a bid for SSI?

20 A We did contact Vanguard, I don't recall the timing of
21 that relative to our preparing this exhibit. Vanguard was a
22 competitor, I believe, of this business and, as I recall,
23 they and others were initially on an excluded list, and what
24 I mean by that is that the company did not want us to contact
25 certain potential buyers for various reasons. This is very

Riddle - Deposition

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1 typical in a sale process, many times it's for competitive
2 issues, the belief being that if you share information about
3 the company that you're selling to a competitor, it could
4 damage that company, the value of that company, relative to
5 suppliers, customers, what have you. At some point, as your
6 -- some of the documents that you sent us show, we did
7 contact Vanguard.

8 Part of what's going on, and you can see in the date
9 order of some of these documents, I believe we were initially
10 precluded from contacting Vanguard. We ran a process, we
11 surfaced a handful of potential buyers. None of these buyers
12 were overly aggressive in pursuing this deal, even though
13 Ron, as you show in one of the exhibits you sent me, sent an
14 e-mail with an offer subject to no contingencies, et cetera.
15 As I recall, he was of two minds as to whether he wanted to
16 acquire the business; on the one hand, he did; on the other
17 hand, as I recall, he backed away. And so there was a
18 question as to whether we had a real buyer to acquire this
19 business.

20 The timing of some of the communication here -- as I
21 mentioned, in June, the banks began to pressure the company
22 from the standpoint of suggesting that they were running out
23 of the ability to continue to finance Docusystems. Some time
24 in early to mid-July, they suggested that they were not going
25 to fund beyond a certain date, I believe that date was July

Riddle - Deposition

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1 A I don't believe so. At the end of the day, you know, our
2 diligence of the company, looking at employment records, et
3 cetera, I can't say categorically no. But Ron didn't work
4 for the company, as far as we knew, and my understanding of
5 his relationship is he sold the company to Docusystems, and
6 typically in that situation the seller moves on and
7 Docusystems had installed its own management in running SSI,
8 so Ron was not involved with the company.

9 Q Now, did you at some point undertake an analysis or
10 evaluation of the bids that you had received that are
11 reflected on Dresner Exhibit 8?

12 A Yes.

13 Q And can you take me through that analysis of those bids
14 as you recall it --

15 A Sure.

16 Q -- at the time?

17 A Sure. We have -- in this case, the analysis was fairly
18 simple. Norwood, we had 4 million. I don't remember if we
19 had a letter that backed that up, you didn't provide me one
20 from the records that we sent to you, but that would have
21 been -- in all cases, they would have been cash-for-assets
22 kind of transactions. Their offer was 4 million but, as I
23 said earlier, they really started to back away and we
24 discounted them as a legitimate buyer. Lucas was 3 million,
25 without the land and building, so... whereas Stonehouse was

Riddle - Deposition

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1 2.6 million, I believe inclusive of the land... let me look
2 at our analysis here.

3 (Pause.)

4 A Yes, that's inclusive of the land and building. It looks
5 like we assigned a million, two to the land and building and
6 there were -- there were two parcels, as I recall. So, net
7 of the building, their offer was a million, four for the
8 operating business and a million, two for the building. If
9 you compare that to Lucas, then Lucas's offer was 3 million
10 for the operations and the company would retain the land and
11 building. So, apples to apples, to compare the two, Lucas
12 was 3 plus the million, two, so 4.2, Stonehouse was 2.6.

13 We spent a fair amount of time with the principals
14 of Lucas Color Card, we got very far down the road with them
15 in pursuing a transaction. They -- I think they brought an
16 investor, they actually identified an equity partner that
17 would supplement their bank financing, and he may have
18 actually come to Chicago. We worked with them extensively
19 and ultimately we just ran out of time to try to do a deal
20 with Lucas. It was a good fit for their company, it would
21 have really made them a larger business, but they just
22 couldn't react quickly enough in raising the --

23 Q What do you mean by ran out of time?

24 A Well, again, the banks were suggesting that they were not
25 going to be forbear any longer, that they were not going to

Riddle - Deposition

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1 continue to lend, which would have, in effect, made the
2 company illiquid. Basically, the company would not have been
3 able to pay payroll, buy supplies, and, thus, would have had
4 to shut their doors. If that happens, given the number of
5 potential suppliers in the marketplace, the franchise value
6 of Stickstrip would have gone away and, in effect, would have
7 been -- the company would have been worth no more than the
8 auction value of its equipment.

9 So that's what I mean by we ran out of time, in
10 effect, to allow Lucas to get a deal done with us.

11 Q And what happened to the Stonehouse bid? You basically
12 gave me a comparison that suggested that the Lucas bid was a
13 better bid than the Stonehouse bid.

14 A Correct. Stonehouse, as our -- as the comments suggest
15 on --

16 Q You mean the comments on Exhibit 8?

17 A Exhibit 8 and Exhibit 9, they're the same document. It
18 says, "going," c-o-l, that means -- that was probably cold,
19 "going cold on transaction." They were interested --
20 Stonehouse is actually in Oklahoma, I believe, so it would
21 have been easy for them to do the deal, but, you know,
22 they're a small company as well. At even two and a half
23 million, it would have been a decent amount of capital going
24 out the door for them and, as I recall, they were sort
25 backing away from the deal, as did Norwood.

Riddle - Deposition

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1 Q And what was your analysis of Mr. Goade's bid at the
2 time?

3 A Well, if you look at this exhibit, this was clearly
4 prepared before he sent the e-mail that you have marked as
5 Exhibit... 10. We were unclear as to what Ron was going to
6 bid; he was, as I said earlier, showing interest, then he was
7 showing caution, then showing interest. He knew that
8 Docusystems was running out of cash and that the company may
9 be shut down, he didn't want to see that happen. So,
10 ultimately, as you see in Exhibit 10, he made an offer of \$2
11 million to cash and suggested that he could close within a
12 couple of days. This offer was made on a Thursday, he closed
13 it on a Monday or a Tuesday the following week.

14 Q And this Dresner Exhibit 10, is that an e-mail that you
15 received from Ron Goade on July 13 of 2000?

16 A Yes.

17 Q And is that his written offer?

18 A Yes.

19 Q Now, if you could take a look at Dresner Exhibit 11?

20 A Yes, I've got it.

21 Q That is also dated July 13, 2000?

22 A Yes.

23 Q Which is the same day you received Mr. Goade's bid?

24 A Correct.

25 Q And do you recall Dresner Exhibit 11?

Riddle - Deposition

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1 whole company, our incentive is to sell it for the highest
2 price. If we had an offer from a party, we would include
3 them in the mix and assess that against, you know, the other
4 bids that we had.

5 Q Okay. And as of July 13, did you have an offer from
6 Vanguard, do you recall?

7 A I don't believe so.

8 Q And what decision was ultimately made with respect to --
9 selling the assets of SSI?

10 A The company decided to move forward with Ron Goade's
11 offer.

12 Q And who at the company made that decision?

13 A Candidly, I don't recall.

14 Q Was Code Hennessey a participant in that decision?

15 A They would have been, yes.

16 Q Was Heller a participant in that discussion?

17 A From the standpoint of a secured lender, they would have
18 to assent to a transaction that -- where their assets were
19 -- the assets that they were lending against were sold, they
20 would have to release collateral, so in effect they were --
21 they would have to assent to the transaction, but ultimately
22 the company would approve any transaction.

23 Q And did you make a recommendation to the company as to
24 who to sell the assets of SSI to?

25 A I'm sure I did, I don't recall. But looking at the track

Riddle - Deposition

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1 record of what happened here, really the only offer we had
2 that was able to get closed in a reasonable period of time
3 was Ron Goade's offer. So, I would have to say that we did
4 have a fair bit of interaction with Lucas, they did a lot of
5 work, they got close, but ultimately it was unclear whether
6 they could close, so... you know, we likely recommended they
7 go ahead with Ron Goade.

8 Q And can you tell me when the Ron Goade transaction of
9 selling to him the assets of SSI occurred?

10 A Again, I believe it was -- the deal closed the following
11 Monday or Tuesday, so it would have been the 17th or 18th of
12 July.

13 Q And what was involved in the closing?

14 A Well, Ron made his offer, as evidenced here in this e-
15 mail in Exhibit 10. He had to post the banks to ensure that
16 he was a legitimate buyer, require that he post an escrow,
17 here it suggests he posted a \$200,000 deposition. I can't
18 remember if that was a nonrefundable deposit, but he did put
19 money on account to show sincerity. I believe he was
20 immediately sent and he may have already had actually an
21 asset purchase agreement. And then he came in to Chicago
22 with his attorney, I believe over the weekend, and they and
23 the company and respective counsel spent the better part of
24 the whole weekend negotiating documentation, probably into
25 Monday, and ultimately closed Monday or Tuesday.

1 We've been giving the jury exhibit books, but we haven't
2 included in them all of the exhibits that were presented to
3 these witnesses to streamline it, we've been -- we've gotten
4 some questions from the jury about missing exhibits and I
5 just wanted to make it clear that that was the reason for
6 that.

7 THE COURT: Whatever.

8 (At this time excerpts of the videotape deposition
9 of Joe Cosergis were played as follows:)

10 Q Do you know if Ron Goade ever made a bid to purchase the
11 assets of SSI?

12 A He made a bid in that last week, in that final week.

13 Q Do you know how that came about?

14 A Yes, I do. You know, from the time we had marketed the
15 transaction, which would have been, you know, July, late
16 June, early July, we had spoken to him once or twice and he
17 was considering it. And then, you know, at one point I think
18 he just -- he even backed away and decided he was no longer
19 interested in it. And then, as we got the asset purchase
20 agreement, we sent it down to him, and I think he had, you
21 know, kind of a personal desire to purchase the business, you
22 know, seeing the company was about ready to be closed down,
23 and came in and bought the business.

24 Q What do you mean by a personal desire?

25 A You know, you know, saving the employee jobs. And, you

Cosergis - Deposition

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1 know, I was down there that last week on some investor
2 presentations and, you know, the employees were worried that
3 the business was literally going to be shut down on Friday, I
4 think the bank group may have even been saying, hey, we're
5 going to shut this thing down on Friday, which is kind of a
6 typical thing to be said during these turn-around situations,
7 and so a little bit -- you know, it was a little bit chaotic.

8 Q Do you recall exactly what Friday it was?

9 A You know, I see on this one e -- let's see, where was it
10 -- I saw that we e-mailed to him -- or Chris Gannon, who was
11 my associate, e-mailed something to him on the 10th, and then
12 I believe it was literally the Friday, the 14th, where I
13 think he may have wired in some money, and I think the
14 following Monday it was closed, I believe, somewhere in that
15 time frame.

16 Q The deal was closed, to sell the assets to Mr. Goade
17 closed on July 17th?

18 A I think that sounds about right.

19 Q Okay, but you were saying before that there was a Friday
20 that the doors of SSI were going to be closed and shut?

21 A Yes. I mean, it was the last asset of all Docusystems,
22 the bank group and, you know, the investors are impatient
23 and, you know -- had, you know, made some announcements and
24 inclinations that the business may be shut down and -- which,
25 again, is typical during these processes and sometimes they

Cosergis - Deposition

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1 stating that he's going to include a deposition of 2 million
2 on Friday the 14th and then pay the balance on Monday, the
3 17th.

4 Q Did you participate in any conversations with Mr. Goade
5 relative to his \$2 million offer?

6 A I may have had a conversation with him that week, but --
7 that he was going to send something in, you know, I was
8 asking if he was in fact going to bid, I wasn't sure, and he
9 corresponded via the e-mail that he was going to put in a
10 bid.

11 Q Did you participate in any discussions at Dresner
12 regarding who the assets of SSI would be sold to?

13 A You know, we had discussions on, you know, the four or
14 five groups on that previous exhibit, you know, Stonehouse,
15 Norwood, you know, Ron Goade, there were three or four groups
16 that were becoming -- looked like they were becoming more
17 finalists and we had discussions in relation to those groups.

18 Q And at some point obviously the decision was made to sell
19 the assets to Ron Goade?

20 A Correct.

21 Q And did you participate in the discussions that led to
22 that decision?

23 A No, we simply -- to Code Hennessey and to the bank group,
24 we presented the offers, and -- and then they -- then they
25 came back to us and said this is who we're going with, and

Cosergis - Deposition

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1 then that was it.

2 Q And who at Code Hennessey communicated to you that they
3 would sell the assets to Ron Goade?

4 A You know, Steve Brown was the lead there and I believe he
5 would have done that to probably either John or myself.

6 Q Could you take a look at Dresner Exhibit 11?

7 A Yes.

8 Q This -- do you recognize this?

9 A I -- I don't recollect it, no.

10 Q It says it's from Joe Cosergis to Bob Kane, do you see
11 that?

12 A I do.

13 Q Do you know who Bob Kane is?

14 A I don't.

15 Q Do you recall having any discussions with anyone -- it
16 says below that -- withdrawn -- it says below that, "To Bob
17 Kane, company Vanguard," do you see that?

18 A Yes, I do.

19 Q Do you know what Vanguard is?

20 A I know who Vanguard is, yes.

21 Q And tell me what you know about Vanguard.

22 A I knew they were a company that was in the transaction
23 card business and I was aware that there was some, you know,
24 ongoing litigation with Vanguard and with SSI.

25 Q Do you recall any discussion with Bob Kane about this

Cosergis - Deposition

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1 have come back with the exclusions.

2 Q Code Hennessey, I believe you said, was the stockholders
3 in Vanguard?

4 A That's correct.

5 Q That's the company you were working with that had Steve
6 Brown?

7 A Correct.

8 Q Do you know whether Mr. Goade, Ron Goade, ever worked for
9 Docusystems?

10 A Do I -- I don't -- not to my knowledge, I don't believe
11 he worked for them.

12 Q Do you know whether Mr. Goade was ever on the board of
13 directors of Docusystems?

14 A To my knowledge, I don't know.

15 Q Other than in your dealings with Mr. Goade when he --
16 withdrawn.

17 Was your dealings with Mr. Goade limited to the
18 period of time when he was a bidder to by the assets of SSI?

19 A That's correct.

20 Q And do you know how he -- who contacted Mr. Goade or --
21 withdrawn.

22 Do you know how Mr. Goade became involved in being a
23 bidder for the assets of SSI?

24 A Yes. I mean, we were aware that he was a previous owner
25 and we contacted him, thinking he may want to purchase it

Cosergis - Deposition

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1 again, and had, you know, a few conversations with him via
2 the phone and -- and, as I mentioned earlier, you know, I
3 think he decided to take a pass on it initially and then came
4 back during that last week, after he got the purchase
5 agreement, and decided this is something he wanted to do.

6 Q And did you participate in those conversations with Mr.
7 Goade?

8 A I had a couple of conversations with him, yes.

9 Q About his interest in the company?

10 A Yes.

11 Q And when you spoke to him initially he was not interested
12 and then, ultimately, he did make an offer?

13 A Correct.

14 MR. ZAKEN: I have no other questions. Thank you,
15 Mr. Cosergis. Mr. Perlman may have some questions for you.

16 (Videotape stopped.)

17 MR. ZAKEN: That's it for this witness, your Honor.

18 THE COURT: That's nice. Anything further?

19 MR. ZAKEN: Yes. We have another videotape of Hugh
20 Wilder, it's about an hour long, and then we have one more
21 videotape after that, which is about 15 minutes. And that
22 will be it for the videotapes.

23 (Pause.)

24 COUNSEL: Your Honor, we have another exhibit binder
25 to give to the jury to -- with the corresponding exhibits

Wilder - Deposition

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1 A July, 2000.

2 Q Of 2000?

3 A Yes.

4 Q And was one of those assets the sale of the assets of SSI
5 Technologies?

6 A Yes, it was.

7 Q And do you know who had placed bids to purchase the
8 assets of SSI Technologies?

9 A I don't recall.

10 Q Was Ron Goade one of those bidders?

11 A Yes, he was.

12 Q And you know that because Ron Goade is the one who bought
13 the assets?

14 A Yes, I do -- yes.

15 Q And do you know whether anybody else bid or what the
16 terms of their bids were?

17 A I don't recall.

18 Q Do you know what the terms of Ron Goade's bid was?

19 A Not in specifics, but I do know that Mr. Goade was
20 prepared to purchase the company in a very, very expedited
21 period of time for an amount of money, as far as value was
22 concerned, that was in line with Dresner's expectations for
23 the value of that business and there were, as I recall,
24 basically no contingencies on Mr. Goade being able to
25 complete the purchase of the assets.

Wilder - Deposition

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1 Q Okay. Let me just take you through a few of the things
2 that you just said, if I may. You said Mr. Goade was ready
3 to make the purchase in a short time frame; do you have any
4 recollection as to how quick the time frame was?

5 A Other than it was very -- it was on an expedited basis, I
6 would -- he was in a position to buy -- from looking at
7 Exhibit 21, the sale to Mr. Goade was completed within almost
8 30 days of -- of when we had decided to exercise our remedies
9 and foreclose on the assets of Docusystems.

10 Q All right, that's 30 days from when Heller made the
11 decision --

12 A Right.

13 Q -- that it would foreclose and sell off the assets of
14 Docusystems, including SSI, right?

15 A Less than 30 days, yes.

16 Q But that's not necessarily 30 days from when Mr. Goade
17 was first contacted about purchasing the assets?

18 A I don't know when Mr. Goade was originally contacted as
19 far as purchasing the assets.

20 Q Okay. But from the time he was contacted to the time
21 that he actually closed on purchasing the assets was within
22 those 30 days you're talking about?

23 A I don't know when Mr. Goade was originally contacted, the
24 only time frames I can recall from the documents is that he
25 purchased the assets within 30 days of our foreclosing on the

Wilder - Deposition

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1 assets.

2 Q All right. And you mentioned that he was willing to pay
3 cash without contingencies, is that right?

4 A As I recall, yes.

5 Q And what types of contingencies might there be that Mr.
6 Goade did not have in this instance but someone else in a
7 similar circumstance, some other buyer might have had?

8 A There could be an extensive list of additional
9 investigations that a possible buyer would want to make on a
10 business ranging, from environmental concerns to review of
11 the company's books and records, to conversations with its
12 customer base to establish that those customers are satisfied
13 with the company and will continue to be their customer,
14 legal due diligence, any -- basically, anything that the
15 buyer chooses to do additional investigation on to provide
16 his comfort that -- as far as the business that he is looking
17 to purchase.

18 And also the --

19 Q You mentioned earlier --

20 A And also, sir -- I'm sorry -- and also many times there
21 is a financing contingency that the deal cannot move forward
22 if the buyer is unable to get sufficient financing to
23 complete the transaction.

24 Q And you mentioned earlier a time -- in this deposition
25 the phrase, due diligence and further investigation, would

Wilder - Deposition

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1 these things that you're talking about a buyer potentially
2 investigating such as environmental issues, books and
3 records, customers, et cetera, those things would fall within
4 the umbrella of what you referred to earlier as due
5 diligence?

6 A Yes.

7 Q So, if I understand you, your testimony is that Mr. Goade
8 was willing to buy the assets without conducting any due
9 diligence, is that fair to say?

10 A I don't know what due diligence Mr. Goade had done at any
11 point in time in the transaction, what I do know is Mr. Goade
12 was ready to move forward with the transaction which had a
13 very, very high certainty of closure within a very short
14 period of time.

15 Q Okay. And you mentioned a financing contingency, does
16 that mean a loan --

17 A Yes.

18 Q -- that a purchaser -- and Mr. Goade was not seeking a
19 loan to purchase the assets, as far as you knew, correct?

20 A He did not require a financing contingency as part of his
21 purchase agreement.

22 Q And, just generally, can you tell me what a financing
23 contingency is?

24 A He had the money to close the deal, he didn't -- he
25 didn't need to go and get a loan from anybody else to make

1 the deal come to conclusion.

2 Q And why would a financing contingency be problematic, if
3 it was, for Heller in determining a good purchaser for the
4 assets of Docusystems?

5 A It adds a level of uncertainty as far as the transaction
6 actually happening that --

7 Q Does that mean that maybe you don't -- maybe the buyer
8 has a contingency that he has to get a loan to be able to pay
9 for the assets and, for whatever reason, the loan doesn't
10 come through --

11 A Yes.

12 Q -- is that the problem?

13 A Yes. And then you're 45 or 60 days further down the
14 road, incurring losses at the company's operation, and you
15 are basically back at square one.

16 Q Okay. Now, in considering an offer for the purchase of
17 assets of Docusystems, would the potential for financing
18 contingencies or due diligence contingencies be a factor in
19 your consideration of whether a buyer was attractive or not?

20 A Certainly.

21 Q And would you consider a buyer who had no financing
22 contingencies and no due diligence time frame requirements to
23 be more attractive than one that did have those
24 contingencies?

25 A All other things being equal, yes.

Wilder - Deposition

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1 Q All right. Now, let me get you to the all-other-things-
2 being-equal part. Would that -- would the all other things
3 being equal include the purchase price or the amount of money
4 that you were going to get for the assets?

5 A Not necessarily. There is -- you make an evaluation, if
6 the, let's call it the more certain transaction has a lower
7 dollar amount versus the transaction with contingencies at a
8 higher amount, you make the economic decision as far as
9 what's best for the institutions that you represent as far as
10 trying to maximize the recoveries on the loan and doing so
11 without incurring additional losses in a transaction. The
12 institutions within the bank group made the decision that Mr.
13 Goade's offer provided an acceptable level of recovery with
14 the higher certainty of closure. In other words, the
15 additional dollar amounts that may have been on the table for
16 the company, for SSI at that time, in light of the
17 contingencies or the requirements of that deal getting done,
18 were viewed to be too risky in light of the continued
19 operating losses that were being suffered at the business.

20 Q Okay. Would it be fair to summarize what you just said
21 with the old saying of a bird in the hand is better than two
22 in the bush?

23 MR. PERLMAN: Objection.

24 MR. ZAKEN: I'll withdraw it.

25 BY MR. ZAKEN:

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1 Q Now, what was Heller's goal in this -- in selling the
2 assets, what --

3 MR. PERLMAN: I'm sorry, Counsel, can you repeat
4 that? I didn't hear you.

5 MR. ZAKEN: Yes.

6 BY MR. ZAKEN:

7 Q What was Heller's goal, what was Heller looking to
8 accomplish in the sale of the assets of Docusystems,
9 including the sale of SSI?

10 A We were simply trying to maximize the recovery of our
11 loss.

12 Q And in connection with the transaction between
13 Docusystems -- withdrawn.

14 Now, who actually sold the assets to Ron Goade, what
15 party?

16 A A point of clarification, are you distinguishing between
17 the personal assets -- the personal property and the real
18 property?

19 Q Yes, well, that's a good point. Let me do that a little
20 bit more carefully.

21 Let me show you -- or why don't you take a look at a
22 document that is marked as Defendants' Exhibit 21?

23 A I have it.

24 Q Can you tell me what that is?

25 A This is the foreclosure agreement that was entered into

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1 Q All right, that's fair. I didn't mean to suggest that
2 Heller had insisted that Dresner in particular be hired, but
3 Dresner was hired by Docusystems to satisfy a condition that
4 Heller had set that Docusystems retain some financial advisor
5 to sell assets --

6 A Yes.

7 Q -- right?

8 And was there any reason that Heller chose to sell
9 the assets of Stickstrip to Mr. Goade through this
10 foreclosure agreement other than that it was in Heller's best
11 interest to do so?

12 A None that I can recall.

13 Q What I'm really getting at is whether there was any...
14 purpose to feather Mr. Goade's nest in some way or to benefit
15 Mr. Goade to the detriment of maybe other purchasers who
16 would have been, you know, a higher bid or more attractive
17 just because of some favoritism to Ron Goade, was anything
18 like that going on in this transaction?

19 A Absolutely not.

20 Q Did Heller Financial have any loyalties to Ron Goade?

21 A No.

22 Q Did Heller Financial have any particular interest in
23 seeing that Ron Goade was benefitted by this transaction to
24 Heller's detriment?

25 A No.